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NEWSLETTER

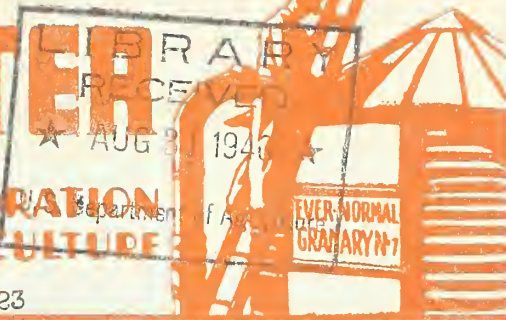
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THE FEDERAL CROP INSURANCE CORPORATION
UNITED STATES DEPARTMENT OF AGRICULTURE

WASHINGTON, D.C.

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Number 23



85,000 Growers Have Insured Their 1941 Crop

Premium Collections Totaled Nearly 3½ Million Bushels on August 8; 1940 Losses Paid to 33,500 Growers

With 1941 premium collections coming in at the rate of several thousand daily, 84,803 had been received in the branch offices through August 8 totaling 3,441,035 bushels of wheat. If the present pace is maintained until the closing date for acceptance of 1941 winter wheat premiums, August 31, it is expected that 1940 participation will be equaled or exceeded all along the line. These early figures would seem to indicate that the 1941 sign-up campaign is further along than it was at this time last year, even after considering that closing dates were from 2 weeks to a month later in 1940.

Nebraska in Lead

Although Nebraska, with 30,464 collections "in the bag," is far in the lead in this respect, Kansas has a greater estimated insured acreage and production with only 17,454 collections made. Kansas growers have paid in 1,246,612 bushels of premiums as compared to 1,288,457 for Nebraska. To state it in other terms, Kansas growers have paid in an average of 71.4 bushels per contract as compared to 42.3 bushels for Nebraska growers. The average-

sized premium per contract for all business so far is 40.6 bushels. The average insured production under all 1941 contracts issued to date is a fraction less than 10 bushels an acre.

Table 1 shows by states how many 1941 crop insurance contracts have been written.

33,570 Claims Paid on 1940 Crop

Nearly 25,000 growers who insured their 1940 crop have been indemnified since the last issue of Newsletter, the total as of August 10 being 33,570, amounting to 8,111,569 bushels. Some losses have been paid in 28 of the 33 states in which all-risk insurance was written on the 1940 crop. Nearly 7½ million of the more than 8 million bushels paid out as indemnities so far have gone to the four states of Kansas, Nebraska, Oklahoma, and Texas, where, largely because of drought, about 37 percent of the winter wheat acreage has been abandoned. It is estimated that about 80 percent of all indemnities paid this year will go to insured growers in these principal hard red winter wheat states.

A Long-time Program

While indemnity payments will considerably exceed premium collections in the harder-hit areas this year, this does not necessarily mean that actuarial data are out of line. Since yield
(Turn to next page.)

Newsletter is designed to inform field workers of the A. A. A. and F. C. I. C. of developments in the crop insurance program and is not for general distribution.

85,000 GROWERS HAVE INSURED THEIR 1941 CROP

(Continued from first page)

and rate figures are based on long-time averages, any annual accounting by the Corporation in terms of profit and loss would be meaningless so far as determining the accuracy of the actuarial structure is concerned. An excess of premiums collected over indemnities paid in any one year cannot be deemed a profit for the Corporation, nor can an excess of indemnities paid over premium collected in any year be considered a loss. Either instance merely reflects the normal functioning of the insurance reserve.

Table 2 shows how many indemnities have been paid by states through August 10. As of this date the Corporation's wheat reserve with which to pay 1940 losses stood at 6,700,000 bushels.

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OKLAHOMA FARMER DOES

NO. 1 JOB OF FARMING From a letter to Oklahoma's Crop Insurance Supervisor J. Carl Wright from the Garfield County Agricultural Association submitting the first two 1941 applications to be written in the county, we quote the following:

"We want to call your attention to the fact that Mr. E. H. Hoar, Carrier, Okla., had crop insurance application No. 43 in 1939; application No. 1 in 1940; and application No. 1 again for 1941. Mr. Hoar states that he has not had a loss in any year that he has had crop insurance but he feels much better watching his wheat grow when it is covered by Federal crop insurance. He also stated that some of his wheat this year made 30 bushels to the acre with some of his neighbors harvesting wheat that was making only 5 or 6 bushels per acre. Even at that, he said, it made his crop insurance look good."

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SEED DISTRIBUTION PLAN

OPEN TO INSURED FARMERS A plan for distributing flat wheat reserves for seed has been worked out in the western part of Kansas. Under this plan, an amount of wheat necessary to seed his wheat acreage allotment at the rate of 30 pounds an acre was distributed to the insured grower by the county committee. Upon instructions by the committee, the branch office issued a warehouse receipt for the amount of wheat necessary for seed purposes. The flat wheat used is local country wheat stored at country elevators and will be inspected by insured farmers and county committees to determine its suitability for seed. The balance of the indemnity payment will be made on an immediate cash settlement basis.

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FCI HAS INFLUENCE ON

MOVIE INDUSTRY, TOO! Even Hollywood has now found crop insurance to be a good thing. A distributor of movie films called at the Kansas AAA office with the report that he was encountering sales resistance in parts of the state where crop prospects were poor. He looked at the map showing insured production by counties, and then said he was encouraged about his selling prospects since he now knew that because of crop insurance farmers would have wheat to sell.

By way of Biography

(Forthcoming issues of Newsletter will carry biographical sketches of other men who have an important role in formulating the guiding policies of the Federal crop insurance program.)



R. M. EVANS

Administrator of the
Agricultural Adjustment Administration
and
Chairman of the Federal Crop Insurance
Corporation's Board of Directors

Born at Cedar Rapids, Iowa, on the fourth day of November, 1890, Administrator Evans was an active farmer and farm manager from

the time he left the army in 1919 up until the time he was named a special assistant to the Secretary of Agriculture in 1936 . . . finished a civil engineering course at Iowa State College in 1913 . . . worked with a New York construction company for a short time after graduation, then became foreign representative for the Allied Machinery Company and for over a year was stationed in Australia . . . enlisted in the army in 1918 and served 10 months in the A.E.F. . . . discharged as a corporal in 1919 . . . began farming in Pocahontas County in North Central Iowa . . . later became general supervisor of the Laurens Farm Company in North Iowa, where he planned cropping systems and did much of the buying for the feeding operations which that company carried on and for his own feedlots . . . operated a wheat farm in Saskatchewan, Canada, for a time.

Because of his wide knowledge of farming operations and livestock feeding in the North Central Region, Mr. Evans was appointed Regional representative of the Corn-Hog Section of the Agricultural Adjustment Administration in December 1933 . . . for some time he was Iowa state chairman . . . appointed by Secretary Wallace late in 1936 as special assistant, in which position he remained until appointed Administrator of the A.A.A. in October 1938.

Mr. Evans was appointed Chairman of the Corporation's Board of Directors on March 22, 1940.

In 1919 Evans married Thurma Allen of Laurens, Iowa. They have two daughters, Lenore M. and Nancy Lee.

E. R. DUKE, et al,

GIVE KGNC BROADCAST Farm News is on the air says the station announcer for KGNC at Amarillo, Texas. It is 7:45 a.m., and Ernest R. Duke has cut his sleep short to be on deck to help give information on crop insurance. We know Ernest lost part of a day's sleep because he said so right in the broadcast. But, along with Chester A. Carr, an Armstrong County committeeman, and Joe Field, Farm News reporter, he gave to Texas wheat growers some important facts about the crop insurance program.

In the broadcast it was pointed out that the Corporation paid indemnities on 49 of the 51 contracts written in Armstrong County on the 1939 crop; but for 1940, premiums collected would equal or exceed indemnities paid out. Duke said that for the state as a whole 3,600 claims had been approved amounting to 1,100,000 bushels up to July 26 and added that a few more payments would have to be made. And, of course, it was emphasized that August 31 was the closing date for acceptance of applications this year.

"You understand," Duke said, "that the county offices are already in high gear writing applications on the 1941 crop and that they have until the end of August to write applications. However, many farmers are anxious to take advantage of the fact that wheat is cheap at the present time and in view of the unsettled world conditions are anxious to file their applications immediately in order to purchase their insurance on the basis of the present market price of wheat. Some counties are really getting started in a big way, and a few counties have already written more applications than they had last year."

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80 PERCENT OF GROWERS IN

IDAHO APPLY FOR INSURANCE The very first batch of 1941 applications for all-risk wheat crop insurance to be received in the Spokane branch office came from Latah County, Idaho, on July 9. The Idaho FCI campaign is being carried on in connection with the 1941 wheat program and up to the middle of July about 80 percent of all wheat growers contacted had applied for crop insurance.

"Farmers seem to understand the principle of wheat crop insurance better," says Alvin V. McCormack, state crop insurance committeeman, "because they no longer seem to consider their crop insurance premium as an investment from which to expect immediate dividends. When community committeemen sign up for crop insurance themselves, and then go to their neighbors and explain it as a cooperative arrangement for mutual protection, the story seems to get across in fine shape."

McCormack says that Idaho farmers seem to be especially cooperative-minded. "The nation-wide cooperation of wheat growers which makes our pay-today-for-tomorrow's-losses plan possible is the kind of thing we understand. Two years of thinking and talking crop insurance have done a lot to reveal the soundness of basing protection on actual farm history. Idaho farmers have learned that it's to their advantage to have crop insurance based on such a foundation and that improvement in the program can come to them by increasing their yield per acre and reducing risks."

Table 1.--Branch Office Progress Report on the
1941 PROGRAM as of August 3, 1940

	Premiums collected number	Premium payments bushels	Estimated insured Acres	Production bushels
<u>Spokane</u>				
California				
Idaho	1,512	48,620	70,710	1,252,699
Nevada				
Oregon	290	19,877	22,869	362,414
Utah	2	4	3	49
Washington	341	16,646	23,795	385,848
Total	2,145	85,147	117,377	2,001,010
<u>Minneapolis</u>				
Minnesota				
Montana	2	169	77	691
North Dakota				
South Dakota	585	61,749	27,938	177,333
Wisconsin	37	275	250	2,825
Wyoming	124	13,994	8,447	51,961
Total	748	76,187	38,712	232,810
<u>Kansas City</u>				
Colorado	515	52,489	29,069	117,684
Kansas	17,454	1,246,612	363,396	7,297,268
Missouri	2,199	34,522	41,041	425,558
Nebraska	30,464	1,288,457	719,066	7,274,054
New Mexico	4	333	159	1,192
Oklahoma	3,470	145,657	158,208	1,428,270
Texas	1,571	226,103	130,206	927,374
Total	55,677	2,994,173	1,941,145	17,471,400
<u>Chicago</u>				
Illinois	8,956	118,615	143,742	1,874,301
Indiana	5,829	64,226	68,431	878,924
Iowa	1,039	14,677	14,473	184,731
Kentucky				
Michigan	1,777	11,545	16,841	240,615
Ohio	5,814	55,971	61,376	874,724
Tennessee	6	42	82	851
Total	23,421	265,076	304,945	4,054,146
<u>Washington, D. C.</u>				
Delaware	39	363	701	8,584
Maryland	3	47	73	1,128
New Jersey	86	661	1,202	19,472
New York				
North Carolina				
Pennsylvania	2,598	18,463	31,549	482,245
Virginia	86	918	1,670	20,439
Total	2,812	20,452	35,195	531,868
GRAND TOTAL	84,803	3,441,035	2,435,374	24,291,234

ONE INDEMNITY PAYS

PREMIUM FOR 3 YEARS B. H. Thomas of Cheyenne, Okla., filed application No. 1 in Roger Mills County for all-risk insurance on his 1941 crop according to County Crop Insurance Supervisor Geo. W. Graham. He has requested 75 percent coverage on 33½ acres, the premium amounting to 1.38 bushels an acre or a total of 46 bushels.

So far as getting his crop insured is concerned, Mr. Thomas' batting average is 1000 percent because he has taken out all-risk insurance every year so far. In 1939 he insured 24.8 acres to produce 165 bushels at a cost of 35 bushels of wheat or 1.41 bushels an acre. The crop threshed 254 bushels so no indemnity was payable. In 1940 his premium rate was reduced to 1.31 bushels an acre, at which rate he insured 34.3 acres to produce 237 bushels. The 1940 crop actually yielded only 54 bushels so Mr. Thomas will receive an indemnity that will a little more than make up for the premiums he has paid for protection and "peace of mind" in 1939, 1940, and 1941.

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MANY HAZARDS HIT

AND AT ANY TIME! Judging from a handful of Statements in Proof of Loss that came in from the Pacific Northwest country a while ago showing damage to or total destruction of the 1940 crop, the wheat farmer has some enemies most people never head of. For example, one Form FCI-67 shows that tarweed infestation took 65 percent of a crop while fall drought and hot winds took the other 35 percent; another shows that a 100 percent loss was caused by vetch; cold weather, drought, rodents, and rabbits stripped another field for a 100 percent loss. Interesting, too, is one of the Statements in Proof of Loss which shows that a 50-percent loss was caused by frost and 50 percent by drought, all in the month of May.

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QUOTE

For years I've been looking for a safe way to farm wheat and I believe all-risk crop insurance is the answer to this problem. With crop insurance guaranteeing me three-fourths of an average yield of wheat, I can now plan my farming operations so that I receive a safe income from my wheat crop.--So says Wm. Edward Visser.

* * *

I have insured my wheat with the Federal Crop Insurance Corporation both years that insurance has been sold and I would not like to be without its protection in the future. The cost of crop insurance is so low in comparison to the protection it gives that it is just good business to insure my wheat crop against all-weather risks.--Bruce Wilson.

* * *

I do not think that there is a farmer in Riley County who can afford to be without the protection of crop insurance. The premium on my farm in 1940 is 44 bushels which guarantees me a production of 1,354 bushels on 88.9 acres. It is sure nice not to have to worry about drought, hail, or other weather hazards. I just can't lose.--George Bohnenblust.

(Note: All of the above testimonials are from Riley County, Kansas, farmers.)

* * *

We farmers still believe western Kansas will come back--she always has. For 8 years no crops have been raised and now the AAA has stepped in and through crop insurance guarantees the farmer some returns for his investment. Now I will have enough cash to carry on next year.--Charles H. Ruff, Pawnee County, Kansas.

UNQUOTE

Table 2.--INDEMNITY REPORT AS OF AUGUST 10, 1940

States	Total indemnities paid (number)	Total contracts issued (number)	Total indemnities paid (bushels)	Total premiums received (bushels)	Estimated insured production (bushels)
WASHINGTON OFFICE:					
Delaware	38	455	2,069	4,237	102,651
Maryland	27	1,265	1,568	15,137	368,465
New Jersey	1	112	64	598	17,945
New York		908		6,310	135,959
North Carolina		202		973	31,810
Pennsylvania	23	5,865	1,431	36,145	979,033
Virginia	21	1,176	1,598	10,262	251,231
Total	110	9,983	6,730	73,662	1,887,114
CHICAGO OFFICE:					
Illinois	476	14,899	23,488	231,645	2,978,222
Indiana	426	28,374	23,593	306,647	3,937,604
Iowa	161	7,232	13,257	107,067	1,245,538
Kentucky	25	979	2,245	15,932	160,862
Michigan	71	15,945	3,652	93,297	1,881,248
Ohio	126	28,767	5,496	323,158	3,999,033
Tennessee	5	245	218	3,098	42,967
Total	1,290	96,441	71,949	1,080,844	14,246,476
KANSAS CITY OFFICE:					
Colorado	8	3,709	3,139	264,453	1,071,005
Kansas	9,362	60,506	3,478,146	3,979,480	23,796,620
Missouri	1,009	21,687	58,312	271,225	3,536,890
Nebraska	11,412	57,244	1,994,361	2,113,769	13,161,925
New Mexico	16	62	11,735	12,817	34,210
Oklahoma	5,076	23,387	885,817	915,486	3,594,760
Texas	3,989	11,030	1,130,961	1,109,483	4,935,355
Total	30,872	177,625	7,562,471	8,666,713	54,930,765
MINNEAPOLIS OFFICE:					
Minnesota	64	21,281	3,737	355,335	3,360,414
Montana		4,175		541,868	2,231,372
North Dakota		31,672		2,006,653	10,625,332
South Dakota	457	21,047	52,197	1,138,818	3,967,449
Wisconsin	2	558	141	3,237	38,360
Wyoming	37	1,285	9,219	129,136	530,769
Total	560	80,018	65,294	4,175,046	20,753,696
SPOKANE OFFICE:					
California	622	2,152	362,958	168,888	2,331,618
Idaho	22	6,836	6,227	143,948	2,904,312
Nevada		107		2,113	36,999
Oregon	48	2,011	17,734	229,620	3,303,477
Utah	5	655	1,742	24,300	350,470
Washington	41	3,625	17,734	236,402	5,499,431
Total	738	15,386	405,125	805,271	14,426,307
GRAND TOTAL 1/	33,570	379,453 1/	8,111,569	14,801,536	106,244,358

1/ This total includes only indemnities actually paid. It does not include payments due under the deferred settlement plan.

TABLE 3.--ABANDONMENT DATA ON 1940 WINTER AND SPRING WHEAT

State	Acreage Abandoned			Value Lost Per Acre (dollars)	Total Value Lost by Abandonment (dollars)
	Winter (acres)	Spring (acres)	Total (acres)		
<u>CHICAGO OFFICE:</u>					
Illinois	64,000	- -	64,000	7.51	480,640
Indiana	13,000	- -	13,000	9.41	122,530
Iowa	10,000	- -	10,000	7.26	72,600
Kentucky	66,000	- -	66,000	7.43	490,380
Michigan	27,000	- -	27,000	10.97	296,100
Ohio	33,000	- -	33,000	10.46	345,180
Tennessee	29,000	- -	29,000	7.15	207,350
<u>WASHINGTON OFFICE:</u>					
Delaware	2,000	- -	2,000	10.43	365,050
Maryland	12,000	- -	12,000	10.40	124,800
New Jersey	16,000	- -	16,000	11.20	179,200
New York	9,000	- -	9,000	12.95	116,550
North Carolina	22,000	- -	22,000	8.20	180,400
Pennsylvania	37,000	- -	37,000	11.25	416,250
Virginia	14,000	- -	14,000	9.87	138,180
<u>KANSAS CITY OFFICE:</u>					
Colorado	498,000	79,000	577,000	5.21	3,006,170
Kansas	5,148,000	10,000	5,158,000	4.47	23,056,260
Missouri	113,000	- -	113,000	7.20	813,600
Nebraska	648,000	51,000	699,000	4.66	3,257,340
New Mexico	162,000	5,000	167,000	3.64	607,880
Oklahoma	1,209,000	- -	1,209,000	4.70	5,682,300
Texas	1,527,000	- -	1,527,000	3.72	5,680,440
<u>SPOKANE OFFICE:</u>					
California	83,000	- -	83,000	7.44	617,520
Idaho	49,000	10,000	59,000	8.45	498,500
Nevada	- -	- -	- -	11.61	- -
Oregon	13,000	- -	13,000	7.42	96,460
Utah	38,000	1,000	39,000	9.25	360,750
Washington	88,000	- -	88,000	7.63	671,440
<u>MINNEAPOLIS OFFICE:</u>					
Minnesota	13,000	78,000	91,000	6.37	579,670
Montana	163,000	218,000	381,000	5.19	1,977,390
North Dakota	- -	3,356,000	3,356,000	4.39	14,732,840
South Dakota	80,000	1,102,000	1,182,000	4.01	4,739,820
Wisconsin	5,000	- -	5,000	8.11	40,550
Wyoming	49,000	36,000	85,000	4.35	412,250
<u>TOTAL</u>	10,240,000	4,946,000	15,186,000	- -	\$70,366,190

8½ MILLION ACRES OF WINTER

WHEAT ABANDONED IN 4 STATES Farmers in the states that raise practically all of the Nation's hard red winter wheat have been greatly benefited by all-risk crop insurance this year. According to figures based on studies made by the Bureau of Agricultural Economics, over 8½ million acres of winter wheat so hopefully planted last fall have been abandoned in the four states of Kansas, Nebraska, Oklahoma, and Texas. Abandonment for both winter and spring wheat is estimated to be about 15 million acres.

Although the National wheat yield this year is going to be close to normal, winter wheat acreage abandonment in some of the important wheat-growing areas has been far in excess of normal. For example, 40 percent of Kansas's 1940 wheat acreage was abandoned whereas the 20-year (1919-38) average abandonment is only 18 percent; Nebraska abandoned 21 percent of her 1940 crop as compared with an average of 14 percent; Oklahoma's 1940 abandonment was 24 percent compared with an average of 13 percent; and Texas abandoned 37 percent of her 1940 acreage as compared with 24 percent for the 20-year average.

Thus, the production of a yield close to normal this year is a result of the fact that in certain areas where seeded acreages have not been abandoned they have yielded far in excess of average. Fortunately for the insured growers whose crops have failed, crop insurance will act as a buffer to the shock that inevitably would have followed such complete crop failure in areas where wheat production is the sole source of income. The Corporation issued a few more than 150,000 contracts in the above-named states guaranteeing the production of 50½ million bushels. Indemnities amounting to 8 million bushels have already been paid to 33,500 growers in this area and it is estimated that 80 percent of all indemnities paid on the 1940 crop will go to these principal winter wheat states. Table 3 shows 1940 acreage abandonment data by states for the several branch offices.

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SPOKANE COUNTY, WASH.,

HAS HIGH 1941 SIGN-UP One county in the State of Washington accounted for 126 of the total 235 crop insurance applications written on the 1941 crop in the state up to August 8. That county was Spokane, also out in front in number of applications last year. Whitman County ranked second this year with 65, Adams third with 26, Garfield and Columbia next with 12 and 2, respectively.

The state office said a partial explanation of the goose eggs reported by other counties may be that the completed FCI-112-W's have not yet been sent in to the state office. Also, some counties had just received their listing sheets and had not had time to write applications. Other counties raising mostly spring wheat naturally won't write much insurance until the spring wheat sign-up begins later on.

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DID YOU KNOW THAT when the housewife buys a 9-cent 1-pound loaf of sliced bread wrapped in waxed paper, she gets a little over 1 cent's worth of wheat and somewhat more than 7 cents' worth of transportation, labor, baking, paper, and other materials and services.

